TAYLOR COASTAL WATER AND SEWER DISTRICT

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2021

TAYLOR COASTAL WATER AND SEWER DISTRICT

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2021

TABLE OF CONTENTS

	PAGE NO.
INTRODUCTORY SECTION	
List of Principal Officials	4
FINANCIAL SECTION	
Independent Auditor's Report	6
Management's Discussion and Analysis	8
Basic Financial Statements	
Statement of Net Position	12
Statement of Revenues, Expenses, and Changes in Net Position	13
Statement of Cash Flows	14
Notes to Financial Statements	15
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Taylor Coastal Water & Sewer District's Proportionate Share of Net Pension Liability - Florida Retirement System and Health Insurance Subsidy	31
Schedule of Taylor Coastal Water & Sewer District's Contributions - Florida Retirement System	32
Notes to the Required Supplementary Information	33
COMPLIANCE SECTION	
Independent Auditor's Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit *of Financial Statements Performed in Accordance with* Government Auditing Standards	38
Management Letter Required by Chapter 10.550, *Rules of the Auditor General*	40
Independent Accountant's Report	43
Communication with Those Charged with Governance	44

INTRODUCTORY SECTION

TAYLOR COASTAL WATER AND SEWER DISTRICT

LIST OF PRINCIPAL OFFICIALS

September 30, 2021

CHAIRMAN	David Dall
VICE CHAIRMAN	Michael Lynn
SECRETARY	Lynette Senter
COMMISSIONERS	Randy Hathcock Michael Hunter Thomas Kicklighter Gayle Lundy William Rich
DISTRICT ATTORNEY	James M. Durant, Jr.

FINANCIAL SECTION

Powell & Jones
Certified Public Accountants

Richard C. Powell, Jr., CPA
Marian Jones Powell, CPA

1359 S.W. Main Blvd.
Lake City, Florida 32025
386 / 755-4200
Fax: 386 / 719-5504
admin@powellandjonescpa.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Taylor Coastal Water and Sewer District
Perry, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Taylor Coastal Water and Sewer District (the District), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Taylor Coastal Water and Sewer District, as of September 30, 2021, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension schedules listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2022, on our consideration of the Taylor Coastal Water and Sewer District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Taylor Coastal Water and Sewer District's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Taylor Coastal Water and Sewer District's 2020 financial statements, and our report dated April 21, 2021, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Powell & Jones

POWELL & JONES
Certified Public Accounts
June 21, 2022

TAYLOR COASTAL WATER AND SEWER DISTRICT

Management's Discussion and Analysis

September 30, 2021

The management of the Taylor Coastal Water and Sewer District (the District) offers readers of our financial statements the following narrative overview and analysis of our financial activities for the year ended September 30, 2021.

Basic Financial Statements

Our basic financial statements are prepared using proprietary fund (enterprise fund) accounting principles which is the same basis of accounting as private-sector business enterprises. The District is operated under one enterprise fund. Under this method of accounting, an economic resources measurement focus and the accrual basis of accounting is used.

Revenue is recorded when earned and expenses are recorded when incurred. The basic financial statements include a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows. These are followed by notes to the financial statements.

The statement of net position presents information on the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of revenues, expenses and changes in net position reports the operating revenues and expenses and nonoperating revenues and expenses of the District for the fiscal year with the difference - the net income or loss - being combined with any capital grants to determine the net change in assets for the fiscal year. That change combined with the net position at the end of the previous year total to the net position at the end of the current fiscal year.

The statement of cash flows reports cash and cash equivalent activities for the fiscal year resulting from operating activities, capital and related financing activities, noncapital and related financing activities and investing activities. The net result of these activities added to the beginning of the year cash balance total to the cash and cash equivalent balance at the end of the current fiscal year.

Condensed Financial Information

Condensed financial information from the statements of net position at September 30, 2021 and 2020, and revenues, expenses and changes in net position for the years then ended, follows:

TAYLOR COASTAL WATER AND SEWER DISTRICT
CONDENSED STATEMENT OF NET POSITION
September 30, 2021
(With Summarized Financial Information for September 30, 2020)

	September 30,	
Net position	2021	2020
Current and other assets	$ 1,715,957	$ 1,519,661
Capital assets, net	3,926,140	4,169,430
Total assets	5,642,097	5,689,091
Deferred outflows	67,983	64,970
Current liabilities	52,885	92,905
Long-term liabilities	1,252,028	1,325,966
Total liabilities	1,304,913	1,418,871
Deferred inflows	97,436	31,287
Net position:		
Invested in capital assets, net of related debt	2,766,687	2,929,222
Restricted	1,062,207	980,171
Unrestricted	478,837	394,510
Total net position	$ 4,307,731	$ 4,303,903

	For the Fiscal Year Ended September 30,	
Change in net position	2021	2020
Operating revenue:		
Revenue from water and sewer services	$ 635,417	$ 608,123
Miscellaneous	-	145,792
Total operating revenues	635,417	753,915
Operating expenses:		
Personnel services	179,913	149,914
Operating expenses	301,448	263,883
Total operating expenses, excluding depreciation	481,361	413,797
Depreciation	243,290	248,825
Total operating expenses, including depreciation	724,651	662,622
Operating loss	(89,234)	91,293
Net nonoperating revenue (expense)	(35,885)	(52,198)
Loss before capital contributions	(125,119)	39,095
Customer grinder pump contributions	98,947	66,000
EPA grant revenue	30,000	-
Change in net position	3,828	105,095
Beginning of year net position	4,303,903	4,198,808
End of year net position	$ 4,307,731	$ 4,303,903

During the year ended September 30, 2021, net position increased by $3,828, due to a reduction in operating expenses in water and sewer services.

Capital Assets and Debt Administration

Capital Assets

At September 30, 2021, the District had $3.9 million invested in capital assets, consisting primarily of its water supply system and sewer system.

Capital Assets at September 30, 2021 and 2020

	2021	2020
Non-depreciable:		
Land	$ 279,337	$ 279,337
Construction in progress	77,146	77,146
Depreciable:		
Buildings and improvements	8,066,666	8,066,666
Equipment	162,527	162,527
	8,585,676	8,585,676
Accumulated depreciation	(4,659,536)	(4,416,246)
Capital assets, net	$3,926,140	$4,169,430

Debt Outstanding

At year-end, the District had $1,187,760 in revenue bonds outstanding versus $1,244,401 last year. The decrease of $56,641 is due to the District making scheduled payments on the revenue bonds.

Financial Contact

The District's financial statements are designed to present users (citizens, taxpayers, customers, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have questions about the report or need additional financial information, please contact the District's Office Manager at 18820 Beach Road, Perry, Florida 32348.

BASIC FINANCIAL STATEMENTS

TAYLOR COASTAL WATER AND SEWER DISTRICT
STATEMENT OF NET POSITION
September 30, 2021
(With Summarized Financial Information for September 30, 2020)

	2021	2020
ASSETS		
Current Assets		
Cash	$ 1,556,622	$ 1,388,270
Inventory of supplies	114,355	85,926
Accounts receivable, net	32,696	34,293
Prepaid expenses	12,284	11,172
Total current assets	1,715,957	1,519,661
Capital Assets		
Non-depreciable		
Land	279,337	279,337
Construction in progress	77,146	77,146
Depreciable		
Buildings and improvements	88,485	88,485
Water system	1,305,037	1,305,037
Sewer system	6,673,144	6,673,144
Machinery and equipment	162,527	162,527
	8,585,676	8,585,676
Accumulated depreciation	(4,659,536)	(4,416,246)
Total capital assets, net of accumulated depreciation	3,926,140	4,169,430
Total assets	5,642,097	5,689,091
DEFERRED OUTFLOWS OF RESOURCES	67,983	64,970
LIABILITIES		
Current liabilities		
Accounts payable	3,584	14,572
Accrued liabilities	16,384	17,666
Accrued interest payable	4,610	4,610
Current portion of long-term debt	28,307	56,057
Total current liabilities	52,885	92,905
Long-term Liabilities		
Contract payable	16,000	16,000
Pension liability	71,738	116,447
CSB notes payable	4,837	5,175
2005A Revenue Bonds payable	300,865	309,195
2005B Revenue Bonds payable	510,000	524,000
2011A Revenue Bonds payable	348,588	355,149
Total long-term liabilities	1,252,028	1,325,966
Total liabilities	1,304,913	1,418,871
DEFEERED INFLOWS OF RESOURCES	97,436	31,287
NET POSITION		
Invested in capital assets, net of related debt	2,766,687	2,929,222
Restricted for debt service	161,600	145,755
Restricted for system expansion	900,607	834,416
Unrestricted	478,837	394,510
Total net position	$ 4,307,731	$ 4,303,903

See notes to financial statements.

TAYLOR COASTAL WATER AND SEWER DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Fiscal Year Ended September 30, 2021
(With Summarized Financial Information for the Fiscal Year Ended September 30, 2020)

	2021	2020
OPERATING REVENUES		
Water services	$ 295,644	$ 284,389
Sewer services	318,644	308,842
Connection fees	18,200	11,950
Penalties	2,929	2,942
Miscellaneous	-	145,792
Total operating revenues	635,417	753,915
OPERATING EXPENSES		
Personnel services	179,913	149,914
Operating expenses	301,448	263,883
Depreciation	243,290	248,825
Total operating expenses	724,651	662,622
Operating income (loss)	(89,234)	91,293
NONOPERATING REVENUES (EXPENSES)		
Interest revenue	574	1,022
Interest expense	(36,459)	(53,220)
Total nonoperating revenues (expenses)	(35,885)	(52,198)
Income before capital contributions	(125,119)	39,095
CAPITAL CONTRIBUTIONS		
Grinder pump contributions	98,947	66,000
EPA grant revenue	30,000	-
Total capital contributions	128,947	66,000
Change in net position	3,828	105,095
Net position at beginning of year	4,303,903	4,198,808
Net position at end of year	$ 4,307,731	$ 4,303,903

See notes to financial statements.

TAYLOR COASTAL WATER AND SEWER DISTRICT
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended September 30, 2021
(With Summarized Financial Information for the Fiscal Year Ended September 30, 2020)

	2021	2020
Cash flows from operating activities:		
Cash received from customers	$ 637,014	$ 720,435
Cash payments to suppliers for goods and services	(341,977)	(310,603)
Cash payments for employee services	(188,136)	(135,782)
Net cash provided by operating activities	106,901	274,050
Cash flows from capital and related financing activities:		
Capital grants	30,000	-
Grinder pump contributions	98,947	66,000
Principal and interest paid on debt	(68,070)	(138,773)
Net cash provided (used) by capital and related financing activitie:	60,877	(72,773)
Cash flows from investing activities:		
Investment proceeds	574	1,022
Net cash provided by investing activities	574	1,022
Net increase in cash and cash equivalents	168,352	202,299
Cash and cash equivalents, beginning of year	1,388,270	1,185,971
Cash and cash equivalents, end of year	$ 1,556,622	$ 1,388,270
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	$ (89,234)	$ 91,293
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	243,290	248,825
(Increase) decrease in current assets:		
Customer and grant receivables	1,597	(33,476)
Inventories	(28,429)	(58,843)
Deferred outflows	(3,013)	(37,626)
Prepaid expenses	(1,112)	(1,443)
Increase (decrease) in current liabilities:		
Accounts payable	(10,988)	13,113
Deferred inflows	66,149	(8,990)
Pension liability	(70,077)	60,864
Accrued liabilities	(1,282)	333
Net cash provided by operating activities	$ 106,901	$ 274,050

TAYLOR COASTAL WATER AND SEWER DISTRICT

NOTES TO FINANCIAL STATEMENTS

September 30, 2021

NOTE 1. DESCRIPTION OF ENTITY

Description of Operations

The Taylor Coastal Water and Sewer District (the District) is a special district unit of government created by Ordinance 2000-10 on October 2, 2000, by the Board of County Commissioners of Taylor County, Florida. The purpose of the District is to acquire, construct, operate and maintain a water and sewer system to serve unincorporated areas of Taylor County and other customers and users as the District may determine. The initial Commissioners of the District were the governing board of Taylor Coastal Utilities, Inc., a not-for-profit entity located in Taylor County, Florida. The initial water and sewer system was operated and maintained by Taylor Coastal Utilities, Inc. The District is involved in a large sewer project to include areas of unincorporated Taylor County, Florida. On July 3, 2003, the entire existing water system operated and maintained by Taylor Coastal Utilities, Inc. was transferred by bill of sale, warranty deed and assignment of easements to the District for a sum of $10. The District currently serves approximately 546 water customers, 526 of which also receive sewer service.

Reporting Entity

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, management determined that no potential component units existed which should be included within the reporting entity.

The District is a component unit of Taylor County, Florida. It is legally separate from other Taylor County agencies, but its governing body is appointed by the Taylor County Board of County Commissioners.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Presentation and Accounting

The District's basic financial statements are presented on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America. The District has elected under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Activities That Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, or any Accounting Research Bulletins issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements.

The accounts of the District are organized on the basis of a proprietary fund type, specifically an enterprise fund. The activities of this fund are accounted for with a separate set of self-balancing accounts that comprise the District's assets, liabilities, net position, revenues and expenses. Enterprise funds account for activities (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; or (ii) that are required by laws or regulations that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

The accounting and financial reporting treatment applied to the District is determined by its measurement focus. The transactions of the District are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the statements of net position. Net position (i.e., total assets net of total liabilities) are segregated into invested in capital assets, net of related debt; restricted for debt service; and unrestricted components.

Management of the District has made certain estimates and assumptions relating to the reporting of assets and liabilities and revenues and expenses to prepare these financial statements in conformity with generally accepted accounting principles. Actual results may differ from those estimates.

b. Cash Equivalents and Investments

The District considers all highly liquid investments (including restricted cash and investments) with maturities of three months or less when purchased to be cash equivalents. This includes bank certificates of deposit.

Investments are presented at fair value. Short-term investments generally mature or are otherwise available for withdrawal in less than one year. Restricted investments, which consist primarily of U.S. government securities designated for specific projects and required to be segregated pursuant to debt covenants, and restricted cash, which consists of a money market account, and is presented as restricted cash.

c. Material and Supplies

Materials and supplies inventory consist principally of spare parts that are recorded and expensed when purchased. Year end inventory is recorded at weighted average cost.

d. Capital Assets

The cost of additions to the utility plant and major replacements of retired units of property is capitalized. The District defines capital assets as assets with an initial, individual cost of more than $500 and an estimated useful life in excess of two years. Cost includes direct labor, outside services, materials and transportation, employee fringe benefits, overhead, and interest on funds borrowed to finance construction. The District did not capitalize interest during the current fiscal year. As applicable in a fiscal year, the cost and accumulated depreciation of property sold or retired is deducted from capital assets, and any profit or loss resulting from the disposal is credited or charged in the nonoperating section of the statements of revenues, expenses and changes in net position. The cost of current repairs, maintenance, and minor replacements is charged to expense.

Depreciation has been provided over estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

Structures, pumps and other improvements	20 – 30 years
Office furniture, fixture and equipment	7 years

e. Long-Term Debt and Issuance Costs

Long-term debt is reported at face value, net of applicable discounts and deferred loss on refunding. Costs related to the issuance of debt are deferred and amortized over the lives of the various debt issues. Losses occurring from advance refundings of debt are deferred and amortized as interest expense over the remaining life of the old bonds, or the life of the new bonds, whichever is shorter.

f. Operating Revenues and Expenses

Operating revenues and expenses consist of those revenues that result from the ongoing principal operations of the District. Operating revenues consist primarily of charges for services. Nonoperating revenues and expenses consist of those revenues and expenses that are related to financing and investing type of activities and result from nonexchange transactions or ancillary activities. When an expense is incurred for purposes for which there are both restricted and unrestricted net position available, it is the District’s policy to apply those expenses to restricted net position to the extent such are available and then to unrestricted net position.

g. Net Position

Net position comprises the various net earnings from operating income, nonoperating revenues and expenses, and capital contributions. Net position is classified in the following three components:

Invested in capital assets, net of related debt - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other liabilities that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted - This component of net position consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - This component of net position consists of net position that does not meet the definition of “restricted” or “invested” in capital assets, net of related debt.”

NOTE 3. CASH

a. Cash

Cash is presented on the accompanying statements of net position as of September 30, 2021, as follows:

Cash and cash equivalents	$ 1,556,622
Total cash and equivalents	$ 1,556,622

b. Deposits

The financial institution in which the District's monies are deposited is certified as a "Qualified Public Depository," as required under the Florida Security for Public Deposits Act. This law requires every qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of an amount to be determined by the State Treasurer. Therefore, the District's total deposits are insured by the Florida Depository Insurance Corporation and the Bureau of Collateral Securities, Division of Treasury, State Department of Insurance. The law requires the State Treasurer to ensure that funds are entirely collateralized throughout the fiscal year.

Section 218.415, *Florida Statutes*, authorizes the District to invest in the Local Government Surplus Funds Trust, direct obligations of the United States Government, obligations unconditionally guaranteed by the United States, time deposits and savings accounts of Florida Qualified Depositories, and Securities and Exchange Commission restricted money market funds with the highest credit quality rating from a nationally recognized rating agency. At year end, the District's invested funds were in a savings account at the "Qualified Public Depository" described above.

For financial reporting purposes, investments are categorized to give an indication of the level of custodial credit risk assumed by the District at year-end. Category 1 includes investments that are insured or registered, or for which the securities are held by the District or its agent in the District's name. At year end the District's savings account is classified as cash and is fully insured or collateralized as described above.

NOTE 4. CUSTOMER AND OTHER ACCOUNTS RECEIVABLE

Customer and other accounts receivables were as follows:

Utility services accounts	$ 32,696
Net	$ 32,696

Based upon collection history, the District has determined an allowance for doubtful accounts is not required for these receivables.

NOTE 5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2021, follows:

	Balance Sept. 30, 2020	Increases	Balance Sept. 30, 2021
Capital assets, not being depreciated:			
Land	$ 279,337	$ -	$ 279,337
Construction in progress	77,146	-	77,146
Total capital assets not being depreciated:	356,483	-	356,483
Capital assets, being depreciated:			
Water system	1,305,036	-	1,305,036
Sewer system	6,673,144	-	6,673,144
District building	88,485	-	88,485
Equipment	162,527	-	162,527
	8,228,786	-	8,229,192
Less: accumulated depreciation	(4,416,246)	(243,290)	(4,659,536)
Total capital assets being depreciated, net	3,812,540	(243,290)	3,569,656
Total capital assets	$ 4,169,023	$ (243,290)	$ 3,926,140

Depreciation for the year was $243,290.

On June 22, 2012, the District was granted approximately twelve acres of land from the Suwannee River Water Management District. The deed of conveyances requires the property to be exclusively used as a wellfield and to house the District's offices, and contains a reverter clause if those uses are not maintained.

NOTE 6. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses were as follows:

Contractors and vendors	$ 19,968
Accrued interest	4,610
Total	$ 24,578

NOTE 7. LONG-TERM DEBT

Revenue Bonds - The District has issued bonds where the income derived from the acquired constructed assets is pledged to pay debt service. The following revenue bonds were outstanding at September 30, 2021:

Water and Sewer System Revenue Bonds, Series 2005A - The District issued the 2005A Series Bonds to refinance debt previously owed to USDA Rural Development by the Taylor Coastal Utilities, Inc. Revenues derived from the operation of the water and sewer system are pledged to service this debt. The outstanding balance at September 30, 2021, was $308,865. The Bond Certificates mature annually from September 1, 2008 through September 1, 2044. The interest rate on the certificates is 4.25%.

Water and Sewer System Revenue Bonds, Series 2005B - The District issued the 2005B Series Bonds to pay off the interim financing notes issued July 18, 2003. Revenues derived from the operation of the water and sewer system are pledged to service this debt. The outstanding balance at September 30, 2021, was $524,000. The Bond Certificates will mature annually from September 1, 2008 through September 1, 2044. The interest on the certificates is 4.25%.

Water and Sewer System Revenue Bonds, Series 2011A – The District issued the 2011A Series Bonds to refinance debt previously owed to Capital City Bank by the Taylor Coastal Water and Sewer District. Revenues derived from the operation of the water and sewer system are pledged to service this debt. The outstanding balance at September 30, 2021 was $354,895. The Bond certificates mature annually from September 1, 2011 through September 1, 2050. The interest rate on the certificates is 4.375%.

Reserve Account - A reserve account is required by the two bond issues to accumulate sufficient funds to be used for: (a) repair and replacement of the water and sewer systems due to catastrophe, (b) construction of improvements to increase net revenues, and (c) payment of any principal and interest if the funds of the debt service account are insufficient. A yearly set aside amount of $5,826 is to be made until a maximum reserve amount of $58,159 is accumulated for the Revenue Bonds. At September 30, 2021, $117,524 had been set aside in this reserve.

Revenue bond debt service requirements to maturity, including $766,585 of interest, are as follows:

Fiscal Year Ending September 30	Series 2005A	Series 2005B	Series 2011A	Total
2022	21,129	36,270	21,834	79,233
2023	21,789	35,675	21,834	79,298
2024	21,407	36,080	21,834	79,321
2025	21,024	36,443	21,834	79,301
2026-2030	106,832	180,589	109,169	396,590
2031-2035	106,676	180,976	109,169	396,821
2036-2040	106,589	180,476	109,169	396,234
2041-2045	84,013	145,196	109,169	338,378
2046-2050	-	-	109,169	109,169
	489,459	831,705	633,181	1,954,345
Interest amount	(180,594)	(307,706)	(278,285)	(766,585)
Total	$ 308,865	$ 523,999	$ 354,896	$ 1,187,760

A schedule of changes in long-term debt follows:

	Balance October 1, 2020	Increase	Decrease	Balance September 30, 2021	Due Within One Year
Direct Borrowings:					
Series 2005A	$ 317,195	$ -	$ (8,330)	$ 308,865	$ 8,000
Series 2005B	537,000	-	(13,000)	524,000	14,000
Series 2011A	360,938	-	(6,043)	354,895	6,307
CSB loan payable	9,075	-	(4,238)	4,837	4,478
Pension liability	141,815	-	(70,077)	71,738	20,861
	$1,335,490	$ -	$ (101,688)	$1,233,802	$ 53,646

NOTE 8. LONG-TERM CONTRACT PAYABLE

On July 5, 2002, Taylor Coastal Utilities, the predecessor entity, entered into a contract with a developer whereby the District would reimburse the developer $500 per water connection fee as vacant lots were sold. As of September 30, 2021, the District's liabilities to the developer were $16,000, representing 32 unsold lots with water service.

NOTE 9. CITIZENS STATE BANK COMMERICAL PROMISSORY NOTE

The District entered into a note on October 11, 2017 for the purchase of a 2017 Ford F-150. The note is being paid according to the following schedule: 59 consecutive payments of principal and interest in the amount of $386 per month. Interest will begin to accrue at the inception date of the note with fixed annual interest at 5.5%. The collateral for the note is the 2017 Ford F-150 truck. The future minimum payments at September 30, 2021, are as follows:

September 30,	Principal	Interest	Minimum Payments
2022	4,240	146	4,386
2023	597	1	598
	$ 4,837	$ 147	$ 4,984

NOTE 10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the District carries commercial insurance. Insurance against losses are provided for the following types of risk:

- Workers' Compensation and Employer's Liability
- General and Automobile Liability
- Real and Personal Property Damage
- Public Officials' Liability

NOTE 11. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the State and Federal governments. Any disallowed claims, include amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) was characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Country. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on ravel or meetings, (iv)the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

NOTE 12. COMPARATIVE DATA

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, comparative data and related disclosures have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand. Certain elements of the prior year data have been reclassified for comparability purposes.

NOTE 13. RETIREMENT PLANS

Florida Retirement System:

General Information - All of the District's employees participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan ("Pension Plan") and the Retiree Health Insurance Subsidy ("HIS Plan"). Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan ("Investment Plan") alternative to the FRS Pension Plan, which is administered by the State Board of Administration ("SBA"). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, District government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the Web site:

www.dms.myflorida.com/workforce_operations/retirement/publications.

Pension Plan

Plan Description – The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program ("DROP") for eligible employees.

Benefits Provided - Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of credited service or 25 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service. Elected Officers' class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% (3.33% for judges and justices) of their final average compensation based on the five highest years of salary for each year of credited service.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, Senior Management Service, and Elected Officers' class members, and to age 60 or 30 years of service regardless of age for Special Risk and Special Risk Administrative Support class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of living adjustment is three percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of three percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by three percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants

Contributions – Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2020 through June 30, 2021 and from July 1, 2021 through September 30, 2021, respectively, were as follows: Regular—10.00% and 10.82%; Special Risk Administrative Support—35.84% and 37.76%; Special Risk—24.45% and 25.89%; Senior Management Service—27.29% and 29.01%; Elected Officers—49.18% and 51.42%; and DROP participants—16.98% and 18.34%. These employer contribution rates include 1.66% and

1.66% HIS Plan subsidy for the periods October 1, 2020 through June 30, 2021 and from July 1, 2021 through September 30, 2021, respectively.

The District's contributions, including employee contributions, to the Pension Plan totaled $10,416 for the fiscal year ended September 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2021, the District reported a liability of $97,874 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The District's proportionate share of the net pension liability was based on the District's 2020-21 fiscal year contributions relative to the 2019-2020 fiscal year contributions of all participating members. At June 30, 2021, the District's proportionate share was .000276840 percent, which was a increase of .000051018 percent from its proportionate share measured as of June 30, 2020.

For the fiscal year ended September 30, 2021, the District recognized pension expense of $2,755. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 3,584	$ -
Changes in assumptions	14,309	-
Net diffference between projected and actual earnings on Pension Plan investments	-	(72,957)
Changes in proportion and differences between District Pension Plan contributions and proportionate share of contributions	24,743	(11,526)
District Pension Plan contributions subsequent to the measurement date	3,373	-
Total	$ 46,009	$ (84,483)

The deferred outflows of resources related to the Pension Plan, totaling $3,373 resulting from District contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30,		
2022	$	(7,370)
2023		(8,594)
2024		(11,384)
2025		(14,588)
2026		89
Thereafter		-
	$	(41,847)

Actuarial Assumptions – The total pension liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumption, applied to all period included in the measurement:

Inflation	2.00 %
Salary increases	3.25%, average, including inflation
Discount rate	6.80%
Investment rate of return	6.80%

Mortality rates were based on Pub-2010 base table generational mortality using gender specific MP-2018 mortality improvement projection scale.

The actuarial assumptions used in the July 1, 2021, valuations were based on the results of an actuarial experience study, completed in 2020 for the period July 1, 2013 through June 30, 2018.

The following change in actuarial assumptions occurred in 2021:
The long-term expected rate of return was increased from 6.80% to 6.80%.

The long-term expected rate of return on Pension Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	2.10%	2.10%	1.10%
Fixed Income	20.00%	3.80%	3.70%	3.30%
Global Equity	54.20%	8.20%	6.70%	17.80%
Real Estate	10.30%	7.10%	6.20%	13.80%
Private Equity	10.80%	11.70%	8.50%	26.40%
Strategic Investments	3.70%	5.70%	5.40%	8.40%
Total	100.00%			
Assumed Inflation - Mean			2.40%	1.20%

(1) As outlined in the Pension Plan's investment policy

Discount Rate - The discount rate used to measure the total pension liability was 6.80%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the District's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the District's proportionate share of the net pension liability calculated using the discount rate of 6.80%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.80%) or one percentage point higher (7.80%) than the current rate:

	1% Decrease 5.80%	Current Discount Rate 6.80%	1% Increase 7.80%
District's proportionate share of the net pension liability	93,520	20,912	(39,780)

Pension Plan Fiduciary Net Position - Detailed information regarding the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan - At September 30, 2021, the District reported a payable in the amount of $1,403 for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2021.

HIS Plan

Plan Description – The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided – For the fiscal year ended September 30, 2021, eligible retirees and beneficiaries received a monthly HIS payment of $5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of $30 and a maximum HIS payment of $150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions – The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2021, the HIS contribution for the period October 1, 2020 through June 30, 2021 and from July 1, 2021 through September 30, 2021 was 1.66% and 1.66%, respectively. The District contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contribution are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The District's contributions, including employee contributions, to the HIS Plan totaled $4,677 for the fiscal year ended September 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2021, the District reported a liability of $50,825 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The District's proportionate share of the net pension liability was based on the District's 2020-21 fiscal year contributions relative to the 2019-20 fiscal year contributions of all participating members. At June 30, 2021, the District's proportionate share was .000414347 percent, which was a increase of .000054468 percent from its proportionate share measured as of June 30, 2020.

For the fiscal year ended September 30, 2021, the District recognized pension expense of $4,433. In addition the District reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,701	$ (21)
Changes in assumptions	3,994	(2,094)
Net difference between projected and actual earnings on HIS Plan investments	53	-
Changes in proportion and differences between District HIS Plan contributions and proportionate share of contributions	15,496	(10,838)
District HIS Plan contributions subsequent to the measurement date	731	-
Total	$ 21,975	$ (12,953)

The deferred outflows of resources related to the HIS Plan, totaling $731 resulting from District contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30,	
2022	$ 9,419
2023	3,001
2024	6,191
2025	8,218
2026	6,146
Thereafter	1,222
	$ 34,197

Actuarial Assumptions – The total pension liability in the July 1, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 %
Real growth rate	.85%
Salary increases	3.25%, average, including inflation
Discount rate	Bond Buyer Generational Obligation 20-Bond Municipal Bond Index /2.16%

Mortality rates were based on Pub-2010 base table generational mortality using the gender specific MP-2018 mortality improvement projection scale.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an experience study completed in 2019, for the period July 1, 2013 through June 30, 2018.

The following changes to assumptions occurred in the 2021 fiscal year:

The municipal bonds rate used to determine total pension liability was decreased from 2.21% to 2.16% and the mortality assumption was changed from the Generational RP-2000 with Projection Scale BB tables to the PUB-2010 base table, projected generationally with the Scale MP-2018.

Discount Rate - The discount rate used to measure the total pension liability was 2.16%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the District's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the District's proportionate share of the net pension liability calculated using the discount rate of 2.16%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (1.16%) or one percentage point higher (3.16%) than the current rate:

	1% Decrease 1.16%	Current Discount Rate 2.16%	1% Increase 3.16%
District's proportionate share of the net pension liability	58,760	50,826	44,326

Pension Plan Fiduciary Net Position - Detailed information regarding the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan - At September 30, 2021, the District reported a payable in the amount of $630 for outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2021.

Investment Plan

The SBA administers the defined contribution plan officially titled the FRS Investment Plan. The investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. District employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected District Officers, etc.), as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2019-20 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular class 6.30%, Special Risk Administrative Support class 7.95%, Special Risk class 14.00%, Senior Management Service class 7.67% and District Elected Officers class 11.34%.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2021, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The District's had no pension expense for the Investment Plan for the fiscal year ended September 30, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

EQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF TAYLOR COASTAL WATER AND SEWER DISTRICT PROPORTINATE SHARE OF NET PENSION LIABILITY

FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PROGRAM

LAST 10 FISCAL YEARS*

	2021	2020	2019	2018	2017	2016	2015
District's proportion of the FRS net pension liability (asset)	0.000276840%	0.000225822%	0.000158035%	0.000260633%	0.000265166%	0.000272310%	0.000252002%
(asset)	$ 20,912	$ 20,912	$ 54,425	$ 78,504	$ 78,461	$ 68,758	$ 32,549
District's proportion of the HIS net pension liability (asset)	0.000414347%	0.000359879%	0.000237075%	0.000404051%	0.000412866%	0.000423084%	0.000364239%
(asset)	50,826	50,826	26,526	42,765	44,145	49,309	37,147
District's proportionate share of the total net pension liability (asset)	$ 71,738	$ 71,738	$ 80,951	$ 121,269	$ 122,606	$ 118,067	$ 69,696
District's covered-employee payroll	$ 159,551	$ 127,188	$ 122,941	$ 130,808	$ 132,618	$ 151,607	$ 135,891
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	44.96%	56.40%	65.85%	92.71%	92.45%	77.88%	51.29%
Plan fiduciary net position as a percentage of the total pension liability	91.09%	91.09%	78.22%	79.86%	83.89%	96.00%	96.00%

Note 1) The amounts presented for each year were determined as of the June 30 year end of the Florida Retirement System

*GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, only those years for which information is available is presented.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF TAYLOR COASTAL WATER SEWER DISTRICT CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PROGRAM
LAST 10 FISCAL YEARS*

	2021	2020	2019	2018	2017	2016	2015
Contractually required FRS contribution	$ 13,467	$ 7,783	$ 6,932	$ 6,424	$ 9,440	$ 6,571	$ 5,857
Contractually required HIS contribution	3,110	3,494	3,379	3,131	4,601	3,202	2,854
Total Contractually Required Contributions	16,577	11,277	10,311	9,555	14,041	9,773	8,711
Contributions in relation to the contractually required contribution	(16,577)	(11,277)	(10,311)	(9,555)	(14,041)	(9,773)	(8,711)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 159,551	$ 127,188	$ 122,941	$ 130,808	$ 132,618	$ 151,607	$ 135,891
Contributions as a percentage of covered-emloyee payroll	10.39%	8.87%	8.39%	7.30%	10.59%	6.45%	6.41%

*GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, only those years for which information is available is presented.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

Net Pension Liability

The components of the collective net pension liability of the participating employers for each defined benefit plan for the measurement date of September 30, 2021, are shown below:

	FRS	HIS
Total Pension Liability	$ 209,636,046	$ 12,719,121
Plan fiduciary net position	(202,082,183)	(452,618)
Net Pension Liability	$ 7,553,863	$ 12,266,503
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	96.40%	3.56%

The total pension liability for each plan was determined by the plans' actuary and reported in the plans' GASB 67 valuation as of June 30, 2021. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the plan. The fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements. Update procedures were not used.

The total pension liability for the HIS was determined by the plan's actuary and reported in the plan's GASB 67 valuation as of June 30, 2021. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the plan. The fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements.

Basis for Allocation

The employer's proportionate share reported in the pension allocation schedules was calculated using accrued retirement contributions related to the reporting periods included in the System's fiscal years ending June 30, 2013 through June 30, 2020, for employers that were members of the FRS and HIS during those fiscal years. For fiscal years June 30, 2015 through June 30, 2021, in addition to contributions from employers the required accrued contributions for the Division (paid on behalf of the Division's employees who administer the Plans) were allocated to each employer on a proportionate basis. The Division administers the Plans, and therefore, cannot allocate a portion of the liability to itself. Although GASB 68 encourages the use of the employers' projected long-term contribution effort to the retirement plan, allocating on the basis of historical employer contributions is acceptable. The aggregate employer contribution amounts for each fiscal year agree to the employer contribution amounts reported in the system's CAFR for that fiscal year.

The proportion calculated based on contributions for each of the fiscal years presented in the pension allocation schedules was applied to the net pension liability and other pension amounts applicable for that fiscal year to determine each employer's proportionate share of the liability, deferred outflows of resources, deferred inflow of resources and associated pension expense.

For the purposes of the pension allocation schedules, pension amounts are allocated to reporting employers. The pension amounts of participating employers whose payrolls are reported and contributions are remitted by another entity are included in the reporting employer's amounts and will be allocated to the participating employer by the reporting employer.

Actuarial Methods and Assumptions

The Florida Retirement System (FRS) Actuarial Assumption Conference is responsible for setting the assumptions used in the funding valuations of the defined benefit pension plan pursuant to section 216.136(10), Florida Statutes. The division determines the assumptions in the valuations for GASB 67 reporting purposes. The FRS Pension Plan's GASB 67 is performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2019 for the period July 1, 2013 through June 30, 2018. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

The total pension liability for each cost-sharing defined benefit plan was determined using the individual entry age actuarial cost method. Inflation increases for both Plans is assumed at 2.40%. Payroll growth, including inflation, for both Plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for the FRS Pension Plan is 6.80%. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 2.16% was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both Plans were based on the PUB-2010 base table (refer to the valuation reports for more information – See Note 5).

The following changes in actuarial assumptions occurred in 2021:

- FRS: Decreasing the maximum amortization period to 20 years for all current and future amortization bases

- HIS: The municipal rate used to determine total pension liability was increased from 2.21% to 2.16%

SENSITIVITY ANALYSIS

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis show the impact to the collective net pension liability of the participating employers if the discount rate was 1.00% higher or 1.00%lower than the current discount rate at June 30, 2021.

FRS NET PENSION LIABILITY

1% Decrease 5.80%	Current Discount Rate 6.80%	1% Increase 7.80%
$ 33,781,383,454	$ 7,553,863,454	$ (14,369,402,546)

HIS NET PENSION LIABILITY

1% Decrease 1.16%	Current Discount Rate 2.16%	1% Increase 3.16%
$ 14,181,266,208	$ 12,266,503,481	$ 10,697,783,617

PENSION EXPENSE AND DEFERRED OUTFLOWS / INFLOWS OF RESOURCES

In accordance with GASB 68, paragraphs 54 and 71, changes in the net pension liability are recognized in pension expense in the current measurement period, except as indicated below. For each of the following, a portion is recognized in pension expense in the current reporting period, and the balance is amortized as deferred outflows or deferred inflows of resources using a systematic and rational method over a closed period, as defined below:

- Differences between expected and actual experience with regard to economic and demographic factors – amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees)
- Changes of assumptions or other inputs – amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees)
- Changes in proportion and differences between contributions and proportionate share of contributions - amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees)
- Differences between expected and actual earnings on pension plan investments – amortized over five years

Employer contributions to the pension plans from employers are not included in collective pension expense; however, employee contributions are used to reduce pension expense.

The average expected remaining service life of all employees provided with pensions through the pension plans at June 30, 2020, was 5.9 years for FRS and 7.2 years for HIS.

Florida Retirement System (FRS)

	Recognized in Expense Reporting Period Ended 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Service cost	$ 2,648,469,100	$ -	$ -
Interest cost	13,713,165,933	-	-
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses (differences between expected and actual experiences)	713,801,012	1,294,744,253	-
Effect of assumptions changes or inputs	2,677,457,858	5,168,727,859	-
Member contributions	(756,530,214)	-	-
Projected investment earnings	(10,737,817,022)	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	1,590,291,600	(1,590,291,600)
Net difference between projected and actual investment earnings	(8,282,725,714)	-	(26,353,530,858)
Administrative expenses	21,740,598	-	
Total	$ (2,438,449)	$ 8,053,763,712	$ (27,943,822,458)

Health Insurance Subsidy (HIS)	Recognized in Expense Reporting Period Ended 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Service cost	$ 280,658,909	$ -	$ -
Interest cost	278,746,908	-	-
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses (differences between expected and actual experiences)	84,706,748	410,468,172	(5,137,715)
Effect of assumptions changes or inputs	230,467,083	963,872,605	(505,411,160)
Member contributions	(55,181)	-	-
Projected investment earnings	(9,165,135)	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	463,337,703	(463,337,703)
Net difference between projected and actual investment earnings	5,071,841	12,787,505	-
Administrative expenses	193,066	-	
Total	$ 870,624,239	$ 1,850,465,985	$ (973,886,578)

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension lability in the subsequent reporting period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense will be recognized as follows:

FRS	HIS
$ (3,503,139,422)	$ 241,439,339
(4,084,984,352)	76,915,886
(5,411,031,735)	158,699,494
(6,933,858,540)	210,652,397
42,955,303	157,543,841
-	31,328,450
$ (19,890,058,746)	$ 876,579,407

COMPLIANCE SECTION

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Commissioners
Taylor Coastal Water and Sewer District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Taylor Coastal Water and Sewer District, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise Taylor Coastal Water and Sewer District's basic financial statements, and have issued our report thereon dated June 21, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Taylor Coastal Water and Sewer District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Taylor Coastal Water and Sewer District's internal control. Accordingly, we do not express an opinion on the effectiveness of Taylor Coastal Water and Sewer District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we identified the following deficiency in internal control over financial reporting that we consider to be a significant deficiency in internal control over financial reporting.

Finding 2010-1 (Excess of third consecutive year)
Financial Statement Preparation

A system of internal control over financial reporting includes controls over financial statement preparation, including footnote disclosures. While your auditor can assist with the preparation of your financial statements and related footnotes, the financial statements are the responsibility of management. A deficiency in internal control exists when the government does not have the expertise necessary to prevent, detect, and correct misstatements. A deficiency in internal control exists in instances where Taylor Coastal Water and Sewer District is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles. Possessing suitable skill, knowledge, or experience to oversee services an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures.

MANAGEMENT'S RESPONSE

We agree with this finding. We are a very small government and have used our available resources to employ a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports prepared generally on the cash basis. We likewise have confidence in our audit firm to utilize these records and prepare annual financial statements in the required formats and with all associated note disclosures. Both staff and the Board of Commissioners review the annual financial reports and have the opportunity to ask the auditor any questions regarding the report prior to its formal presentation. The report is formally presented by the auditor at a scheduled meeting of the Board of Commissioners.

At this time, we do not believe it would be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements. We thus accept this required disclosure finding and will continue to monitor this situation in the future.

This response was not subject to the auditing procedures applied in the audit and thus we express no opinion on it.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Taylor Coastal Water and Sewer District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Powell & Jones

POWELL & JONES
Certified Public Accountants
June 21, 2022

MANAGEMENT LETTER REQUIRED BY CHAPTER 10.550, *RULES OF THE AUDITOR GENERAL*

To the Board of Commissioners
Taylor Coastal Water and
Sewer District

Report on the Financial Statements

We have audited the basic financial statements of Taylor Coastal Water and Sewer District (District) as of and for the year ended September 30, 2021, and have issued our report thereon dated June 21, 2022.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on a Audit of the Financial Statements Performed in Accordance with Government Auditing Standards and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 21, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The information is disclosed in Note 1 to the financial statements.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the District. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes.

Special District Specific Information

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the District reported the following data:

a. The total number of District employees compensated in the last pay period of the District's fiscal year: <u>Five</u>

b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the District's fiscal year: <u>None</u>

c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency: <u>$157,707</u>

d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency: <u>None</u>

e. Each construction project with a total cost of at least $65,000 approved by the District that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such projects as: <u>None</u>

f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the District amends a final adopted budget under Section 189.016(6), Florida Statures, as follows: <u>The District's original budget totaled $ 686,632 and was amended by the total amount of $0, for final budgeted expenditures of $686,632.</u>

Monthly Financial Statements

Sections 10.554(1)(i)9.a. and 10.556(9), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the District provided monthly financial statements to its governing board and made such monthly statements available for public access on its Web site. In connection with our audit, we determined that the District provided monthly financial statements to its governing board and made such monthly statement(s) available for public access on its Web site.

Transparency

Sections 10.554(1)(i)9.b. and 10.556(9), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the District provided a link on its Web site to the Florida Department of Financial Service's Web site to view the District's annual financial report submitted to the Department. In connection with our audit, we determined that the District provided a link on its Web site to the Florida Department of Financial Service's Web site.

Sections 10.554(1)(i)9.c. and 10.556(9), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the District posted its tentative and final budgets on its Web site. In connection with our audit, we determined that the District posted its tentative and final budgets on its Web site.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Powell & Jones

POWELL & JONES
Certified Public Accountants
June 21, 2022

INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Commissioners
Taylor Coastal Water and
Sewer District

We have examined Taylor Coastal Water and Sewer District's compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds during the year ended September 30, 2021. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2021.

This report is intended solely for the information and use of the District and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

Powell & Jones

POWELL & JONES
Certified Public Accountants
June 21, 2022

Communication with Those Charged with Governance

To the Board of Commissioners
Taylor Coastal Water and Sewer District

We have audited the financial statements of Taylor Coastal Water and Sewer District for the year ended September 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

<u>Significant Audit Findings</u>

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Taylor Coastal Water and Sewer District are described Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2021. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no sensitive estimates affecting Taylor Coastal Water and Sewer District's financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There are no sensitive disclosures affecting the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no such misstatements identified during our audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 21 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

<u>Other Information in Documents Containing Audited Financial Statements</u>

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Commissioners and management of Taylor Coastal Water and Sewer District, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Powell & Jones

POWELL & JONES
Certified Public Accountants
June 21, 2022